



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

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November 8, 2006

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: David E. Janssen
Chief Administrative Officer

**REQUEST TO APPOINT TERI DALY LAUENSTEIN TO THE POSITION OF
DIRECTOR, OFFICE OF MANAGED CARE (UNCLASSIFIED) IN THE DEPARTMENT
OF HEALTH SERVICES**

Consistent with the August 4, 1998 Board-approved policy on management appointments, we have reviewed and recommend Board approval of the attached Department of Health Services (DHS) request to appoint Ms. Teri Daly Lauenstein to the position of Director, Office of Managed Care (OMC) with an annual salary of \$180,000 (\$15,000.00/month). The requested position salary is in accordance with County Code provision established for the Director, Office of Managed Care flat rate per month. The County Code provides the compensation of this position to be set at a rate of up to 50 percent above the base rate of \$11,262.77 monthly. The requested salary of \$15,000.00 per month is 33.18 percent above the base rate.

As the Director, Office of Managed Care, Ms. Lauenstein will direct the development, planning, implementation, administration and evaluation of the managed care health plan program services offered by the Department to patient populations served by DHS. She will assume responsibility for developing and maintaining an effective relationship with LA Care, directing the administration of the Community Health Plan service delivery networks and ensuring achievement and adherence to contractual agreements by private sector providers. Ms. Lauenstein will also ensure appropriate reimbursement for DHS-provided services, as well as ensure that all federal, state and local licensure and regulatory requirements are in compliance.

Lauenstein.mbs

Each Supervisor
November 8, 2006
Page 2

Ms. Lauenstein is currently the Director, Network Management for Blue Shield of California and has over 18 years of extensive management experience in the managed health care field. Her previous positions includes Vice President, Managed Care of Catholic Healthcare West and Vice President, Contracting of UniHealth. During her leadership at UniHealth she also held the positions of Senior Regional Director of Northridge Hospital Medical Center Campuses and Facey Medical Group, and Regional Director, Managed Care of LifePlus Division. Ms. Lauenstein's professional background also includes administrative and fiscal experience as Senior Contract Specialist with HealthWest and financial accounting with a post production media company.

The Department indicates that Ms. Lauenstein is highly qualified to perform in this critical position as demonstrated by her past and current positions in the managed health care field.

Additionally, the Department indicates the requested annual salary of \$180,000 is appropriate for performing the duties of the position and the experience Ms. Lauenstein brings to this position. Based on the information provided by DHS regarding Ms. Lauenstein's experience and qualifications, we concur with their request to appoint her to the position of Director, Office of Managed Care, at an annual salary of \$180,000.

Based upon the information provided by the Department, we recommend that the Department's request be approved. In accordance with the policy on managerial salaries, please advise this office if you would like this request placed on an upcoming agenda for Board action. Unless otherwise instructed by November 15, 2006, we will authorize DHS to proceed with this appointment.

Please contact me if you have any questions or need additional information, or your staff may contact Arena Turner of this office at (213) 974-1128.

DEJ:SRH:DL
SAS:DJ:AT:bjs

Attachments

c: Executive Officer, Board of Supervisors
Director of Health Services

NON-PHYSICIAN MANAGEMENT APPOINTMENT REQUEST

Candidate Name: Teri Daly Lauenstein

Employee No.:

(Check one) NEW HIRE: PROMOTION:

I. FACILITY/PROGRAM

A. Provide organization chart & highlight the position – Attach electronic copy of organization chart

SEE ATTACHMENT

B. Describe where the position fits into the management organizational structure:

This position reports to the Chief Deputy Director, Health Services, who reports to the Director and Chief Medical Officer, Department of Health Services.

C. Describe the duties and responsibilities which reflect the scope and complexity of the position:

SEE ATTACHMENT

D. Indicate the candidate's unique qualifications, special skills or abilities, work background or experience, etc.:

The candidate is a long term healthcare executive with more than eighteen (18) years of progressive responsibility in leading the managed care strategy for both a large, California-based health plan as well as major multi-facility provider systems. She is acknowledged to be a leader in creating partnerships with medical group organizations, hospitals and ancillary businesses, growing net revenues through improvement contract implementation and compliance, in addition to mentoring high performing teams.

She is a respected, personable leader with a proven record of gaining the confidence of executive management, creating a collaborative team, capitalizing on diverse skills of staff and focusing on key financial details and revenue opportunities.

In her previous position, the candidate had oversight relative to the strategy, contracting activities and maintenance of a Southern California hospital, physician group, and ambulatory surgery center network which serves two (2) million members. Managed over six hundred (600) provider contracts with an annual budget of \$1.3 billion.

As Vice President and Regional Director of Managed Care of a large hospital organization, the candidate led the development and execution of the managed care strategy for twenty (20) hospitals with responsibility for contracting, physician and payor relations and contract compliance for California's largest non-profit healthcare system with \$4.5 billion in revenue.

Please see attached resume for additional documentation.

E. Provide the candidate's résumé or curriculum vitae – Attach electronic copy

SEE ATTACHMENT

F. Identify highest paid subordinate reporting to this position

Name: **Mary Abbott** Employee #: Title: Chief Physician II

Base Monthly Salary: \$ 14,643.00 (Calculated: \$16,389.17) Base Annual Salary: \$ 175,716.00 (Calculated: \$196,670.04)
Salary Range/Quartile: MO 13

G. Identify management position above the position requested

Name: **John Cochran** Employee #: Title: Chief, Deputy Director, Health Services

Base Monthly Salary: \$ 21,627.50 Base Annual Salary: \$ 259,530.00 Salary Range/Quartile: R18

II. HUMAN RESOURCES

Certify that the position is vacant and budgeted – Attach Item Control

YES NO

Verify current salary of the individual for whom the request is being submitted.

CURRENT BASE SALARY: Month: \$ 17,083.00 Annual: \$ 204,996.00 Range, Quartile: n/a

NEW HIRE OR PROMOTION: Designate amount of proposed monthly salary based on standard 5.5 increases and/or verify that requested salary is consistent with other managers in the department.

PROPOSED SALARY: Monthly: \$ 15,000

Annually: \$ 180,000

Range, Quartile: Flat Range

Provide listing of all internal equivalent positions within facility/program – *Attach electronic copy*

SEE ATTACHMENT

Verify that candidate is listed on the appropriate Certification List and is reachable – *Attach electronic copy*

YES NO

Director, Office of Managed Care (UC) Duty Statement

The Director, Managed Care directs the development, planning, implementation, administration and evaluation of the managed care health plan program/services offered by the Department of Health Services (DHS) to patient populations served by the Department. Will direct the negotiation, administration and assessment of contractual agreements with providers of health care services to the Department and services provided by the Department to non-County managed healthcare providers.

Depending on the strategic needs of the Department, the Director, Office of Managed Care will:

- ❖ Direct the development, implementation, and evaluation of operational plans to expand the provision of services and increase enrollment in the Community Health Plan (CHP) and ensure achievement of Department goals and timetables.
- ❖ Serve as principal liaison to and develop and maintain an effective relationship with the Local Initiative Health Authority for Los Angeles County to facilitate the continuing CHP partnership relationship.
- ❖ Direct the administration of the CHP service delivery networks; direct the assessment of the quality of services delivered by private sector providers to ensure achievement of an adherence to contractual agreements.
- ❖ Direct and oversee the development and maintenance of a comprehensive, integrated, public-private health care system for CHP health care needs of the patient population and the community in accordance with the departmental strategic goals and timetables; assessing feasibility and working with appropriate staff to develop a new managed care product line.
- ❖ Direct managed care contracting programs, procedures and activities, including but not limited to, the assessment of the accessibility, efficiency and availability of DHS programs/services; assess the quality of DHS provided services.
- ❖ Assess, coordinate and monitor contract services to ensure the needs of the CHP and the managed care requirements of the 1115 Waiver are met.
- ❖ Direct the development of growth and viability of the CHP; negotiate cost effective contractual agreements/arrangements with private providers; ensure appropriate reimbursement for DHS' provided services.
- ❖ Perform a principal role and work with senior management in the redesign and restructuring of the Department.
- ❖ Ensure the achievement of and adherence to all federal, State and local licensure/regulatory requirements associated with opening health maintenance organizations.

TERI DALY LAUENSTEIN

A healthcare executive with more than 18 years of progressive responsibility in leading the managed care strategy for both a large, California-based health plan as well as major multi-facility provider systems. Known for creating partnerships with medical group organizations, hospitals and ancillary businesses, growing net revenues through improving contract implementation and compliance, and mentoring high performing teams.

A respected, personable leader who has a proven record of gaining the confidence of CEOs, creating a collaborative team, capitalizing on diverse skills of staff and focusing on key financial details and revenue opportunities.

PROFESSIONAL EXPERIENCE

Blue Shield of California, Los Angeles, California

2003-Present

Director, Network Management

Responsible for leading the strategy, contracting activities, and maintenance of the Southern California hospital, physician group, and ambulatory surgery center network which serves 2 million members. Manage over 600 provider contracts with an annual budget of \$1.3 billion.

- Successfully built a first-class team of 12 professionals to execute network strategies and promote long-term provider relationships. Coaching and team development are a primary focus of the role.
- Key designer of new hospital rate methodologies which promote predictable unit costs and streamline payment administration.
- Delivered a 13% reduction to the hospital unit cost budget and a 15% reduction to the physician group unit cost budget in 2004.
- Ensure network stability and provider satisfaction through outreach activities that focus on resolving operational and payment issues in timely manner.
- Collaborate with legal, healthcare services, sales and finance to develop, enhance, and maintain the network and corresponding member benefits.
- Leading a state-wide initiative to re-design physician group reward system based on cost-efficiency metrics that include generic prescribing, ambulatory surgery center v. outpatient hospital setting, urgent care v. emergency room usage, and medical/surgical admits.
- Leading a multi-disciplinary team focused on migrating outpatient surgeries from the hospital setting to ambulatory surgery centers. Activities include redesigning the internal medical management referral and authorization process, network expansion through new contracts, physician group education of network options, and new benefit filings to encourage members to utilize ambulatory settings.
- Responsible for ensuring the network's ongoing compliance with all regulatory requirements as well as compliance with all company mandated policies and procedures.
- Represent Blue Shield with local trade associations such as HASC and CAPG.

Catholic Healthcare West, Pasadena, California

1998-2003

Vice President, Managed Care (2000-2003)

Regional Director, Managed Care (1998-2000)

Led the development and execution of the managed care strategy for 20 hospitals with responsibility for contracting, physician and payor relations and contract compliance for California's largest non-profit healthcare system with \$4.5 billion in revenue. Directed a staff of 20.

- Successfully recruited and developed a negotiation team that generated \$25 million in additional annual net revenue for three consecutive years.
- Led negotiations with government payors, including Medi-Cal contracts for Disproportionate Share Hospitals (DSH). Developed comprehensive, data-driven reports on patient care statistics, access related issues, community needs and new clinical programs that resulted in a total of 10% in additional state funding.
- Collaborated with individual hospital CEOs and CFOs and created annual managed care strategies.
- Built internal systems that improved managed care operations following contract negotiations.
- Coordinated with the managed care recovery unit that supported hospital business offices by identifying problem payor trends and pursuing joint collections.
- Spearheaded strategy that converted capitated business from 300,000 to 80,000 covered lives to fee-for-service arrangements, improving net reimbursement by 20% per contract.
- Designed policies and procedures to support hospital/physician partnerships relating to capitated business contracts. Implemented dual authorization arrangements that ensured appropriate referrals at pre-negotiated fees.
- Conducted a comprehensive review of PPO network-driven models. Terminated more than 200 non-performing contracts over six months with a projected revenue improvement of up to 5% per hospital.
- Negotiated and bound the annual capitation reinsurance policy. Assessed risks, claims history and financial merits.
- Created and secured approval for an analyst role, resulting in informed decision making on contract terms, improved data integrity and identification of billing code inconsistencies.
- Recovered \$18 million in disputed claims through negotiations with a major health plan.
- Built a pricing template that defined coding and naming of services, improving collections by 15%.
- Recovered \$12 million in revenue from a major medical group payor following their bankruptcy through directing proof of claim documentation involving complex fee-for-service and capitation agreements. Served as a representative to the Healthcare Association of Southern California (HASC) in preparing a collaborative provider response and proposal to optimize financial outcome.

UniHealth, Burbank, California

1988-1998

VertiHealth
UniHealth MedCenters Division
Vice President, Contracting (1995-1998)

Spearheaded managed care contracting for the hospital division with 10 medical centers for a \$2 billion regional healthcare system. Negotiated more than 1,200 commercial and government managed care payor and vendor contracts annually. Managed 13 staff.

- Created a provider alliance with two competing, non-affiliated hospitals and a medical group that resulted in an ability to compete with a major health maintenance organization
- Negotiated the funding for the start-up of a Medi-Cal IPA that resulted in a strong affiliation with the hospitals. Provided operational and business development leadership.
- Cultivated a relationship with a medical group, growing their hospital referral business from zero to 25%, increasing market share.

Northridge Hospital Medical Center Campuses and Facey Medical Group
Senior Regional Director (1993-1995)

Directed business development and managed care for a 460-bed tertiary medical center (the flagship facility of the system), a 200-bed community hospital and a 50-member foundation model multi-specialty medical group.

Northridge Hospital Medical Center Campuses
Regional Director, Managed Care (1991-1992)

Played a key role in the creation of an integrated healthcare organization with a foundation model.

LifePlus Division
Regional Director, Managed Care (1990)

Led contracting for the behavioral health services division with six outpatient and inpatient sites, including hospital-based programs.

Senior Contract Specialist (1988-1990)

HealthWest (subsequently transitioned to UniHealth), Chatsworth, California

1987-1988

Contract Specialist

Created a managed care department, including policies, procedures, standardized contract proposal packages and database systems for tracking contracts and provisions for an eight-hospital system.

PRIOR EXPERIENCE

Began career as an accountant for a post production media company while completing graduate education.

EDUCATION

University of California, Los Angeles, California

Master of Public Health, 1987

Completed Health Services Management Program

Bachelor of Arts in Sociology, 1984

PROFESSIONAL AFFILIATIONS

UCLA Health Policy and Management Alumni Association, past President and board member for five years

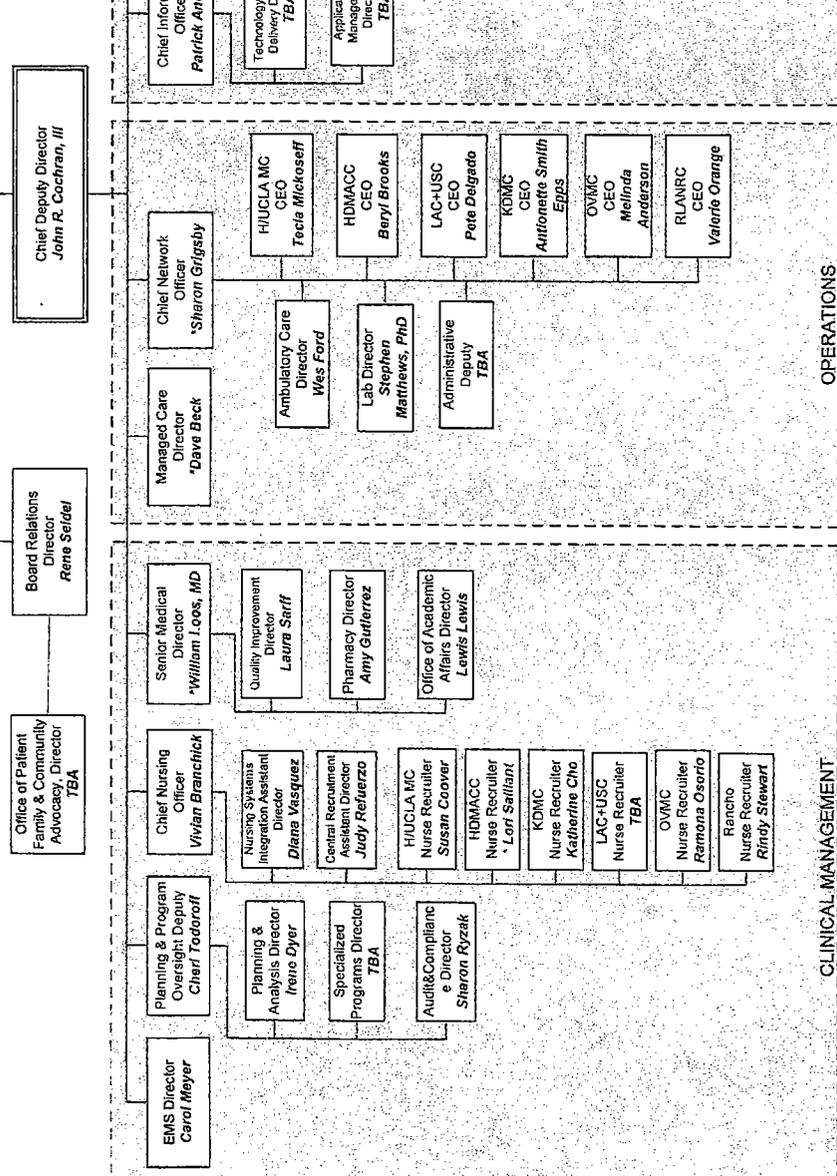
Healthcare Association of Southern California (HASC), CHW representative to the Contracting Committee and the Steering Committee for Business Policy and Process Improvement

DEPARTMENT OF HEALTH SERVICES
Organizational Chart



Senior Management Staff

Director & Chief Medical Officer
Bruce A. Chernof, MD



CLINICAL MANAGEMENT OPERATIONS ADMINISTRATION

[Signature]
Bruce A. Chernof, MD
Director & Chief Medical Officer

3/16/06
Date

* Acting

UNCLASSIFIED